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CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 792

**Introduced by Assembly Member Bonilla
(Coauthor: Assembly Member Huffman)**

February 17, 2011

An act to add Sections 2024.7 and 8613.7 to the Family Code, to add Sections 1366.50 and 1366.51 to the Health and Safety Code, *and* to add Sections 10786 and 10787 to the Insurance Code, ~~and to amend Section 2800.2 of the Labor Code~~, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 792, as amended, Bonilla. Health care coverage: California Health Benefit Exchange.

Existing law, the federal Patient Protection and Affordable Care Act, requires each state to, by January 1, 2014, establish an American Health Benefit Exchange that makes available qualified health plans to qualified individuals and small employers. Existing state law establishes the California Health Benefit Exchange within state government, specifies the powers and duties of the board governing the Exchange relative to determining eligibility for enrollment in the Exchange and arranging

for coverage under qualified health plans, and requires the board to facilitate the purchase of qualified health plans through the Exchange by qualified individuals and small employers by January 1, 2014.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law imposes specified requirements on health care service plans and health insurers that provide medical and hospital coverage under an employer-sponsored group plan for an employer, employee association, or other entity subject to requirements under COBRA or Cal-COBRA, as defined, ~~and imposes specified requirements on those employers, employee associations, or other entities to notify its current and former employees or members and dependents of continuation coverage and conversion coverage options upon specified events.~~ Existing law sets forth procedures related to a petition for dissolution of marriage, nullity of marriage, or legal separation, or a petition for adoption.

~~This bill would require the disclosure of information on health care coverage through the California Health Benefit Exchange, under specified circumstances, by health care service plans, health insurers, employers, employee associations or other entities, or, on and after January 1, 2013, by the court, require a court, upon the filing of a petition for dissolution of marriage, nullity of marriage, or legal separation, or adoption on and after January 1, 2014, to provide a specified notice informing the petitioner and respondent that they may be eligible for reduced-cost coverage through the Exchange or no-cost coverage through Medi-Cal. The bill would also require a court to provide such a notice to a petition for adoption. The bill would require the notice to include information regarding obtaining coverage through those programs and would require the notice to be developed by the Exchange.~~

Commencing January 1, 2014, this bill would require specified health care service plans and health insurers to provide to individuals who cease to be enrolled in individual coverage and to individuals who lose coverage under an employer-sponsored group plan a notice informing those individuals that they may be eligible for reduced-cost coverage through the Exchange or no-cost coverage through Medi-Cal. The bill would require the notice to include information regarding obtaining coverage through those programs and would require that the notice be

developed by the Department of Managed Health Care and the Department of Insurance.

~~On and after January 1, 2014, this bill would also require specified health care service plans and health insurers to, upon the failure of an enrollee or insured to renew his or her health coverage, as specified, or upon termination of coverage under an employer-sponsored group plan, transfer specified information to the California Health Benefit Exchange for purposes of enrolling those individuals in the Exchange. The bill would make the automatic enrollment of those individuals in the Exchange subject to the plan or insurer, or employer, employee association, or other entity, obtaining the written consent of the individual at the time the individual or employer-sponsored group plan contract or policy is issued, amended, delivered, or renewed, as specified, or upon a qualifying event, as defined. The bill would allow an individual whose information has been transferred to the Exchange under those provisions to discontinue his or her application for enrollment with the Exchange, as specified.~~

Because a willful violation of the bill's provisions relative to health care service plans would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 2024.7 is added to the Family Code, to
2 read:
3 2024.7. On and after January 1, ~~2013~~, 2014, upon the filing of
4 a petition for dissolution of marriage, nullity of marriage, or legal
5 separation, the court shall provide to the petitioner and the
6 respondent ~~the following notice: a notice informing him or her~~
7 ~~that he or she may be eligible for reduced-cost coverage through~~
8 ~~the California Health Benefit Exchange established under Title~~
9 ~~22 (commencing with Section 100500) of the Government Code~~
10 ~~or no-cost coverage through Medi-Cal. The notice shall include~~

1 *information on obtaining coverage pursuant to those programs,*
2 *and shall be developed by the California Health Benefit Exchange.*

3
4 ~~“In March of 2010, the federal government passed national health~~
5 ~~care reform. Because of this, effective January 1, 2014, you may~~
6 ~~become eligible for reduced-cost comprehensive health care~~
7 ~~coverage through the California Health Benefit Exchange. To learn~~
8 ~~more, visit www.healthexchange.ca.gov or call 1-888-(insert~~
9 ~~telephone number).”~~

10
11 SEC. 2. Section 8613.7 is added to the Family Code, to read:
12 8613.7. ~~On and after January 1, 2013, upon the filing of a~~
13 ~~petition for adoption pursuant to this part, 2014, the court shall~~
14 ~~provide to the petitioner the following notice: any petitioner for~~
15 ~~adoption pursuant to this part a notice informing him or her that~~
16 ~~he or she may be eligible for reduced-cost coverage through the~~
17 ~~California Health Benefit Exchange established under Title 22~~
18 ~~(commencing with Section 100500) of the Government Code or~~
19 ~~no-cost coverage through Medi-Cal. The notice shall include~~
20 ~~information on obtaining coverage pursuant to those programs,~~
21 ~~and shall be developed by the California Health Benefit Exchange.~~

22
23 ~~“In March of 2010, the federal government passed national health~~
24 ~~care reform. Because of this, effective January 1, 2014, you may~~
25 ~~become eligible for reduced-cost comprehensive health care~~
26 ~~coverage through the California Health Benefit Exchange. To learn~~
27 ~~more, visit www.healthexchange.ca.gov or call 1-888-(insert~~
28 ~~telephone number).”~~

29
30 SEC. 3. Section 1366.50 is added to the Health and Safety
31 Code, to read:

32 1366.50. (a) ~~(1) Except for a specialized health care service~~
33 ~~plan, every health care service plan contract that is issued,~~
34 ~~amended, delivered, or renewed in this state on or after January~~
35 ~~1, 2014, On and after January 1, 2014, a health care service plan~~
36 ~~that provides medical and hospital coverage under an~~
37 ~~employer-sponsored group plan for an employer subject to~~
38 ~~COBRA, as defined in subdivision (e) of Section 1373.621, or an~~
39 ~~employer group for which the plan is required to offer Cal-COBRA~~
40 ~~coverage, as defined in subdivision (f) of Section 1373.621,~~

1 including a carrier providing replacement coverage under Section
2 1399.63, shall, consistent with this section and to the extent
3 permitted under the federal Patient Protection and Affordable Care
4 Act (Public Law 111-148), ~~transfer information to the Exchange~~
5 ~~in order to initiate an application for enrollment for a qualified~~
6 ~~beneficiary upon a qualifying event. provide a notice to qualified~~
7 ~~beneficiaries upon a qualifying event informing them that they~~
8 ~~may be eligible for reduced-cost coverage through the California~~
9 ~~Health Benefit Exchange established under Title 22 (commencing~~
10 ~~with Section 100500) of the Government Code or no-cost coverage~~
11 ~~through Medi-Cal. The notice shall include information on~~
12 ~~obtaining coverage pursuant to those programs, shall be in no~~
13 ~~less than 12-point type, and shall be developed by the department,~~
14 ~~in consultation with the Department of Insurance.~~

15 (2) ~~Prior to the transfer of the information to the Exchange, the~~
16 ~~health care service plan shall obtain the written consent of the~~
17 ~~enrollee to provide the minimum necessary information to the~~
18 ~~Exchange. If the individual does not provide his or her consent,~~
19 ~~the health care service plan shall not transfer any information~~
20 ~~regarding that individual to the Exchange. Consent may be obtained~~
21 ~~at the time of the qualifying event.~~

22 (b) (1) ~~The health care service plan shall provide to the~~
23 ~~California Health Benefit Exchange information regarding the~~
24 ~~former employee and any dependents covered under the group~~
25 ~~coverage. The information provided shall include the name or~~
26 ~~names, most recent address, and any other information that is in~~
27 ~~the possession of the plan and that the Exchange may require in~~
28 ~~order to determine eligibility, facilitate enrollment in coverage,~~
29 ~~and maximize continuity of care, and shall be provided in a manner~~
30 ~~to be prescribed by the Exchange. The information shall be~~
31 ~~provided in a manner consistent with Section 1411 of the federal~~
32 ~~Patient Protection and Affordable Care Act (Public Law 111-148)~~
33 ~~and consistent with other state and federal medical privacy laws.~~

34 (2) ~~The provision of this information shall initiate an application~~
35 ~~for enrollment in coverage within the meaning of Section 100503~~
36 ~~of the Government Code. Nothing in this section shall be construed~~
37 ~~to alter the responsibility of the Exchange or other state and local~~
38 ~~government entities with respect to the criteria and process for~~
39 ~~eligibility and enrollment in the Exchange and other public health~~
40 ~~care coverage programs.~~

~~(e) (1) On and after January 1, 2012, until December 31, 2013, the health care service plan shall provide the following notification to qualified beneficiaries upon a qualifying event:~~

~~“Please examine your options carefully before declining this coverage. Until January 1, 2014, you should be aware that companies selling individual health insurance to adults who are 19 years of age or older typically require a review of your medical history that could result in a higher premium or you could be denied coverage entirely. Effective January 1, 2010, children under 19 years of age cannot be denied individual coverage based on medical history, but may pay a higher premium depending on medical history.”~~

~~(2) On and after January 1, 2014, notification provided to qualified beneficiaries upon a qualifying event shall also include the following notification in 12-point type:~~

~~“In March of 2010, the federal government passed national health care reform. Because of this, you may be eligible for reduced-cost comprehensive health care coverage through the California Health Benefit Exchange. Because you are losing your coverage from your employer or the employer of a family member, an application will be sent to the California Health Benefit Exchange to make it easier for you to get health care coverage.~~

~~Eligibility for reduced-cost coverage through the California Health Benefit Exchange or no-cost coverage through Medi-Cal is based on your income. You will be contacted by the Exchange to complete the application. You are not required to accept coverage from the Exchange. To learn more, or to contact the Exchange, visit www.healthexchange.ca.gov or call 1-888-(insert telephone number).”~~

~~(3) A person for whom an application for enrollment in the Exchange has been initiated by the transfer of information under this section shall be given the opportunity to provide informed consent to use the transferred information to commence eligibility determination and complete enrollment as well as the opportunity to correct any transferred information or provide additional information before a final eligibility determination is made. If the~~

1 individual fails to consent or fails to respond to the opportunity to
2 consent within a reasonable period of time, that failure to consent
3 or to respond timely shall be construed as discontinuing the
4 application.

5 (b) *The notice described in subdivision (a) may be incorporated*
6 *into existing COBRA or Cal-COBRA notices or other existing*
7 *notices.*

8 ~~(d)~~

9 (c) For purposes of this section:

10 (1) “Qualified beneficiary” means any individual who, on the
11 day before the qualifying event, is an enrollee in a group benefit
12 plan offered by a health care service plan and who has a qualifying
13 event.

14 (2) “Qualifying event” means any of the following events that
15 would result in a loss of coverage under the group benefit plan to
16 a qualified beneficiary:

17 (A) The death of the covered employee.

18 (B) The termination of employment or reduction in hours of the
19 covered employee’s employment.

20 (C) The divorce or legal separation of the covered employee
21 from the covered employee’s spouse.

22 (D) The loss of dependent status by a dependent enrolled in the
23 group benefit plan.

24 (E) With respect to a covered dependent only, the covered
25 employee’s entitlement to benefits under Title XVIII of the federal
26 Social Security Act.

27 (d) *This section shall not apply with respect to a specialized*
28 *health care service plan contract or a plan contract consisting*
29 *solely of coverage of excepted benefits as described in Section*
30 *2722 of the federal Public Health Service Act (42 U.S.C. Sec.*
31 *300gg-21).*

32 SEC. 4. Section 1366.51 is added to the Health and Safety
33 Code, to read:

34 ~~1366.51. (a) (1) On or after January 1, 2014, except for a~~
35 ~~specialized health care service plan, every health care service plan~~
36 ~~contract in the individual market shall, consistent with this section,~~
37 ~~transfer information to the Exchange in order to initiate an~~
38 ~~application for enrollment for an individual at such time as the~~
39 ~~individual ceases to be enrolled in coverage.~~

~~(2) On or after January 1, 2012, the health care service plan shall obtain the written consent of the enrollee to provide the minimum necessary information to the Exchange in the event that the individual or dependent ceases to be enrolled in individual coverage. If the individual does not provide his or her consent, the health care service plan shall not transfer any information regarding that individual to the Exchange. Consent may be obtained at the time of the qualifying event.~~

~~(b) (1) The health care service plan shall provide to the California Health Benefit Exchange information regarding the former covered individual and any dependents that chose not to renew individual coverage. The information provided shall include the name or names, most recent address, and any other information that is in the possession of the plan and that the Exchange may require in order to determine eligibility, facilitate enrollment in coverage, and maximize continuity of care, and shall be provided in a manner to be prescribed by the Exchange. The information shall be provided in a manner consistent with Section 1411 of the federal Patient Protection and Affordable Care Act (Public Law 111-148) and consistent with other state and federal medical privacy laws.~~

~~(2) The provision of this information shall initiate an application for enrollment in coverage within the meaning of Section 100503 of the Government Code.~~

~~(c) (1)~~

1366.51. (a) On and after January 1, 2014, the a health care service plan providing individual health care coverage shall provide the following notification to individuals, dependents, or former dependents who cease to be enrolled in individual coverage in 12-point type: coverage a notice informing them that they may be eligible for reduced-cost coverage through the California Health Benefit Exchange established under Title 22 (commencing with Section 100500) of the Government Code or no-cost coverage through Medi-Cal. The notice shall include information on obtaining coverage pursuant to those programs, shall be in no less than 12-point type, and shall be developed by the department, in consultation with the Department of Insurance.

(b) The notice described in subdivision (a) may be incorporated into or sent simultaneously with and in the same manner as existing notices.

1 (c) *This section shall not apply with respect to a specialized*
2 *health care service plan contract or a plan contract consisting*
3 *solely of coverage of excepted benefits as described in Section*
4 *2722 of the federal Public Health Service Act (42 U.S.C. Sec.*
5 *300gg-21).*

6
7 ~~“In March of 2010, the federal government passed national health~~
8 ~~care reform. Because of this, you may be eligible for reduced-cost~~
9 ~~comprehensive health care coverage through the California Health~~
10 ~~Benefit Exchange. Because you are losing your coverage as an~~
11 ~~individual, an application will be sent to the California Health~~
12 ~~Benefit Exchange to make it easier for you to get health care~~
13 ~~coverage.~~

14 ~~Eligibility for reduced-cost coverage through the California~~
15 ~~Health Benefit Exchange or no-cost coverage through Medi-Cal~~
16 ~~is based on your income. You will be contacted by the Exchange~~
17 ~~to complete the application. You are not required to accept~~
18 ~~coverage from the Exchange. To learn more, or to contact the~~
19 ~~Exchange, visit www.healthexchange.ca.gov or call 1-888-(insert~~
20 ~~telephone number).”~~

21
22 ~~(2) A person for whom an application for enrollment in the~~
23 ~~Exchange has been initiated by the transfer of information under~~
24 ~~this section shall be given the opportunity to provide informed~~
25 ~~consent to use the transferred information to commence eligibility~~
26 ~~determination and complete enrollment as well as the opportunity~~
27 ~~to correct any transferred information or provide additional~~
28 ~~information before a final eligibility determination is made. If the~~
29 ~~individual fails to consent or fails to respond to the opportunity to~~
30 ~~consent within a reasonable period of time, that failure to consent~~
31 ~~or to respond timely shall be construed as discontinuing the~~
32 ~~application.~~

33 ~~(d) Effective July 1, 2013, until July 1, 2020, the health care~~
34 ~~service plan shall provide to individuals, dependents, or former~~
35 ~~dependents with coverage in the individual market the following~~
36 ~~notification in 12-point type and prominently displayed in the~~
37 ~~evidence of coverage:~~

38
39 ~~“In March of 2010, the federal government passed national health~~
40 ~~care reform. Because of this, as an individual buying your own~~

1 health insurance, in January 2014, you may become eligible for
2 reduced-cost comprehensive health care coverage through the
3 California Health Benefit Exchange. To learn more, please visit
4 www.healthexchange.ca.gov or call 1-888-(insert telephone
5 number).”
6

7 SEC. 5. Section 10786 is added to the Insurance Code, to read:

8 10786. (a) ~~(1) Every health insurance policy that is issued,~~
9 ~~amended, delivered, or renewed in this state on or after January~~
10 ~~1, 2014, On and after January 1, 2014, a health insurer that~~
11 provides medical and hospital coverage under an
12 employer-sponsored group plan for an employer subject to
13 COBRA, as defined in subdivision (e) of Section 10116.5, or an
14 employer group for which the ~~plan insurer~~ is required to offer
15 Cal-COBRA coverage, as defined in subdivision (f) of Section
16 10116.5, ~~including a carrier providing replacement coverage under~~
17 ~~Section 10128.3, shall, consistent with this section and to the extent~~
18 ~~permitted under the federal Patient Protection and Affordable Care~~
19 ~~Act (Public Law 111-148), transfer information to the Exchange~~
20 ~~in order to initiate an application for enrollment for a qualified~~
21 ~~beneficiary upon a qualifying event provide a notice to qualified~~
22 ~~beneficiaries upon a qualifying event informing them that they~~
23 ~~may be eligible for reduced-cost coverage through the California~~
24 ~~Health Benefit Exchange established under Title 22 (commencing~~
25 ~~with Section 100500) of the Government Code or no-cost coverage~~
26 ~~through Medi-Cal. The notice shall include information on~~
27 ~~obtaining coverage pursuant to those programs, shall be in no~~
28 ~~less than 12-point type, and shall be developed by the department,~~
29 ~~in consultation with the Department of Managed Health Care.~~

30 ~~(2) Prior to the transfer of the information to the Exchange, the~~
31 ~~health insurer shall obtain the written consent of the insured to~~
32 ~~provide the minimum necessary information to the Exchange. If~~
33 ~~the individual does not provide his or her consent, the health insurer~~
34 ~~shall not transfer any information regarding that individual to the~~
35 ~~Exchange. Consent may be obtained at the time of the qualifying~~
36 ~~event.~~

37 ~~(b) (1) The health insurer shall provide to the California Health~~
38 ~~Benefit Exchange information regarding the former employee and~~
39 ~~any dependents covered under the group coverage. The information~~
40 ~~provided shall include the name or names, most recent address,~~

1 and any other information that is in the possession of the insurer
2 and that the Exchange may require in order to determine eligibility,
3 facilitate enrollment in coverage, and maximize continuity of care,
4 and shall be provided in a manner to be prescribed by the
5 Exchange. The information shall be provided in a manner
6 consistent with Section 1411 of the federal Patient Protection and
7 Affordable Care Act (Public Law 111-148) and consistent with
8 other state and federal medical privacy laws.

9 (2) The provision of this information shall initiate an application
10 for enrollment in coverage within the meaning of Section 100503
11 of the Government Code. Nothing in this section shall be construed
12 to alter the responsibility of the Exchange or other state and local
13 government entities with respect to the criteria and process for
14 eligibility and enrollment in the Exchange and other public health
15 care coverage programs.

16 (e) (1) On and after January 1, 2012, until December 31, 2013,
17 the health insurer shall provide the following notification to
18 qualified beneficiaries upon a qualifying event:

19
20 “Please examine your options carefully before declining this
21 coverage. Until January 1, 2014, you should be aware that
22 companies selling individual health insurance to adults who are
23 19 years of age or older typically require a review of your medical
24 history that could result in a higher premium or you could be denied
25 coverage entirely. Effective January 1, 2010, children under 19
26 years of age cannot be denied individual coverage based on medical
27 history, but may pay a higher premium depending on medical
28 history.”

29
30 (2) On and after January 1, 2014, the health insurer shall provide
31 the following notification to qualified beneficiaries upon a
32 qualifying event in 12-point type:

33
34 “In March of 2010, the federal government passed national health
35 care reform. Because of this, you may be eligible for reduced-cost
36 comprehensive health care coverage through the California Health
37 Benefit Exchange. Because you are losing your coverage from
38 your employer or the employer of a family member, an application
39 will be sent to the California Health Benefit Exchange to make it
40 easier for you to get health care coverage.

1 Eligibility for reduced-cost coverage through the California
2 Health Benefit Exchange or no-cost coverage through Medi-Cal
3 is based on your income. You will be contacted by the Exchange
4 to complete the application. You are not required to accept
5 coverage from the Exchange. To learn more, or to contact the
6 Exchange, visit www.healthexchange.ca.gov or call 1-888-(insert
7 telephone number).”
8

9 (3) A person for whom an application for enrollment in the
10 Exchange has been initiated by the transfer of information under
11 this section shall be given the opportunity to provide informed
12 consent to use the transferred information to commence eligibility
13 determination and complete enrollment as well as the opportunity
14 to correct any transferred information or provide additional
15 information before a final eligibility determination is made. If the
16 individual fails to consent or fails to respond to the opportunity to
17 consent within a reasonable period of time, that failure to consent
18 or to respond timely shall be construed as discontinuing the
19 application.

20 (b) The notice described in subdivision (a) may be incorporated
21 into existing COBRA or Cal-COBRA notices or other existing
22 notices.

23 (d)

24 (c) For purposes of this section:

25 (1) “Qualified beneficiary” means any individual who, on the
26 day before the qualifying event, is an enrollee in a group benefit
27 plan offered by a health insurer and who has a qualifying event.

28 (2) “Qualifying event” means any of the following events that
29 would result in a loss of coverage under the group benefit plan to
30 a qualified beneficiary:

31 (A) The death of the covered employee.

32 (B) The termination of employment or reduction in hours of the
33 covered employee’s employment.

34 (C) The divorce or legal separation of the covered employee
35 from the covered employee’s spouse.

36 (D) The loss of dependent status by a dependent enrolled in the
37 group benefit plan.

38 (E) With respect to a covered dependent only, the covered
39 employee’s entitlement to benefits under Title XVIII of the federal
40 Social Security Act.

1 (d) *This section shall not apply with respect to a specialized*
2 *health insurance policy or a health insurance policy consisting*
3 *solely of coverage of excepted benefits as described in Section*
4 *2722 of the federal Public Health Service Act (42 U.S.C. Sec.*
5 *300gg-21).*

6 SEC. 6. Section 10787 is added to the Insurance Code, to read:

7 ~~10787. (a) (1) On or after January 1, 2014, every health~~
8 ~~insurance policy in the individual market shall, consistent with~~
9 ~~this section, transfer information to the Exchange in order to initiate~~
10 ~~an application for enrollment for the individual at such time as the~~
11 ~~individual ceases to be enrolled in coverage.~~

12 ~~(2) On or after January 1, 2012, the health insurer shall obtain~~
13 ~~the written consent of the insured to provide the minimum~~
14 ~~necessary information to the Exchange in the event that the~~
15 ~~individual or dependent ceases to be enrolled in individual~~
16 ~~coverage. If the individual does not provide his or her consent, the~~
17 ~~health insurer shall not transfer any information regarding that~~
18 ~~individual to the Exchange. Consent may be obtained at the time~~
19 ~~of the qualifying event.~~

20 ~~(b) (1) The health insurer shall provide to the California Health~~
21 ~~Benefit Exchange information regarding the former covered~~
22 ~~individual and any dependents that chose not to renew individual~~
23 ~~coverage. The information provided shall include the name or~~
24 ~~names, most recent address, and any other information that is in~~
25 ~~the possession of the insurer and that the Exchange may require~~
26 ~~in order to determine eligibility, facilitate enrollment in coverage,~~
27 ~~and maximize continuity of care, and shall be provided in a manner~~
28 ~~to be prescribed by the Exchange. The information shall be~~
29 ~~provided in a manner consistent with Section 1411 of the federal~~
30 ~~Patient Protection and Affordable Care Act (Public Law 111-148)~~
31 ~~and consistent with other state and federal medical privacy laws.~~

32 ~~(2) The provision of this information shall initiate an application~~
33 ~~for enrollment in coverage within the meaning of Section 100503~~
34 ~~of the Government Code.~~

35 ~~(e) (1)~~

36 ~~10787. (a) On and after January 1, 2014, the a health insurer~~
37 ~~providing individual health care coverage shall provide the~~
38 ~~following notification to individuals, dependents, or former~~
39 ~~dependents who cease to be enrolled in individual coverage in~~
40 ~~12-point type: coverage a notice informing them that they may be~~

1 eligible for reduced-cost coverage through the California Health
2 Benefit Exchange established under Title 22 (commencing with
3 Section 100500) of the Government Code or no-cost coverage
4 through Medi-Cal. The notice shall include information on
5 obtaining coverage pursuant to those programs, shall be in no
6 less than 12-point type, and shall be developed by the department,
7 in consultation with the Department of Managed Health Care.

8 (b) The notice described in subdivision (a) may be incorporated
9 into or sent simultaneously with and in the same manner as existing
10 notices.

11 (c) This section shall not apply with respect to a specialized
12 health insurance policy or a health insurance policy consisting
13 solely of coverage of excepted benefits as described in Section
14 2722 of the federal Public Health Service Act (42 U.S.C. Sec.
15 300gg-21).

16
17 ~~“In March of 2010, the federal government passed national health~~
18 ~~care reform. Because of this, you may be eligible for reduced-cost~~
19 ~~comprehensive health care coverage through the California Health~~
20 ~~Benefit Exchange. Because you are losing your coverage as an~~
21 ~~individual, an application will be sent to the California Health~~
22 ~~Benefit Exchange to make it easier for you to get health care~~
23 ~~coverage.~~

24 ~~Eligibility for reduced-cost coverage through the California~~
25 ~~Health Benefit Exchange or no-cost coverage through Medi-Cal~~
26 ~~is based on your income. You will be contacted by the Exchange~~
27 ~~to complete the application. You are not required to accept~~
28 ~~coverage from the Exchange. To learn more, or to contact the~~
29 ~~Exchange, visit www.healthexchange.ca.gov or call 1-888-(insert~~
30 ~~telephone number).”~~

31
32 ~~(2) A person for whom an application for enrollment in the~~
33 ~~Exchange has been initiated by the transfer of information under~~
34 ~~this section shall be given the opportunity to provide informed~~
35 ~~consent to use the transferred information to commence eligibility~~
36 ~~determination and complete enrollment as well as the opportunity~~
37 ~~to correct any transferred information or provide additional~~
38 ~~information before a final eligibility determination is made. If the~~
39 ~~individual fails to consent or fails to respond to the opportunity to~~
40 ~~consent within a reasonable period of time, that failure to consent~~

1 or to respond timely shall be construed as discontinuing the
2 application.

3 (d) Effective July 1, 2013, until July 1, 2020, the health insurer
4 shall provide the following notification to individuals, dependents,
5 or former dependents with coverage in the individual market, the
6 following notification in 12-point type and prominently displayed
7 in the evidence of coverage:

8
9 “In March of 2010, the federal government passed national health
10 care reform. Because of this, as an individual buying your own
11 health insurance, in January 2014, you may become eligible for
12 reduced-cost comprehensive health care coverage through the
13 California Health Benefit Exchange. To learn more, please visit
14 www.healthexchange.ca.gov or call 1-888-(insert telephone
15 number).”

16
17 SEC. 7. Section 2800.2 of the Labor Code is amended to read:
18 2800.2. (a) Any employer, employee association, or other
19 entity otherwise providing hospital, surgical, or major medical
20 benefits to its employees or members is solely responsible for
21 notification of its employees or members of the conversion
22 coverage made available pursuant to Part 6.1 (commencing with
23 Section 12670) of Division 2 of the Insurance Code or Section
24 1373.6 of the Health and Safety Code. At the time that the health
25 care service plan contract or health insurance policy is issued,
26 amended, delivered, or renewed on or after January 1, 2012, the
27 employer, employee association, or other entity shall obtain the
28 written consent of the enrollee or insured to provide the minimum
29 necessary information to the Exchange in the event that the
30 individual or dependent ceases to be enrolled in coverage under
31 this section. If the individual does not provide his or her consent,
32 the employer, employee association, or other entity shall not
33 transfer any information regarding that individual to the Exchange.

34 (1) The employer, employee association, or other entity
35 otherwise providing hospital, surgical, or major medical benefits
36 to its employees or members shall provide to the California Health
37 Benefit Exchange information regarding the former employee and
38 any dependents covered under the group coverage. The information
39 provided shall include the name or names, most recent address,
40 and any other information that is in the possession of the employer,

1 employee association, or other entity and that the Exchange may
2 require in a manner to be prescribed by the Exchange. The
3 information shall be provided in a manner consistent with Section
4 1411 of the federal Patient Protection and Affordable Care Act
5 (Public Law 111-148) and consistent with other state and federal
6 medical privacy laws.

7 (2) The provision of this information shall initiate an application
8 for enrollment in coverage within the meaning of Section 100503
9 of the Government Code.

10 (b) Any employer, employee association, or other entity, whether
11 private or public, that provides hospital, medical, or surgical
12 expense coverage that a former employee may continue under
13 Section 4980B of Title 26 of the United States Code, Section 1161
14 et seq. of Title 29 of the United States Code, or Section 300bb of
15 Title 42 of the United States Code, as added by the Consolidated
16 Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272),
17 and as may be later amended (hereafter “COBRA”), shall, in
18 conjunction with the notification required by COBRA that COBRA
19 continuation coverage will cease and conversion coverage is
20 available, and as a part of the notification required by subdivision
21 (a), also notify the former employee, spouse, or former spouse of
22 the availability of the continuation coverage under Section
23 1373.621 of the Health and Safety Code and Sections 10116.5 and
24 11512.03 of the Insurance Code.

25 (c) (1) On or after July 1, 2006, until January 1, 2012,
26 notification provided to employees, members, former employees;
27 spouses, or former spouses under subdivisions (a) and (b) shall
28 also include the following notification:

29
30 “Please examine your options carefully before declining this
31 coverage. You should be aware that companies selling individual
32 health insurance typically require a review of your medical history
33 that could result in a higher premium or you could be denied
34 coverage entirely.”

35
36 (2) On and after January 1, 2012, until December 31, 2013, the
37 employer, employee association, or other entity shall provide the
38 following notification to employees, members, former employees;
39 spouses, or former spouses under subdivisions (a) and (b):
40

1 ~~“Please examine your options carefully before declining this~~
2 ~~coverage. In March of 2010, the federal government enacted~~
3 ~~national health care reform. Until January 1, 2014, you should be~~
4 ~~aware that companies selling individual health insurance to adults~~
5 ~~who are 19 years of age or older typically require a review of your~~
6 ~~medical history that could result in a higher premium or you could~~
7 ~~be denied coverage entirely. Effective January 1, 2010, children~~
8 ~~under 19 years of age cannot be denied individual coverage based~~
9 ~~on medical history but may pay a higher premium depending on~~
10 ~~medical history.”~~

11
12 ~~(3) On and after January 1, 2014, the employer, employee~~
13 ~~association, or other entity shall provide the following notification~~
14 ~~to employees, members, former employees, spouses, or former~~
15 ~~spouses under subdivisions (a) and (b):~~

16
17 ~~“In March of 2010, the federal government passed national health~~
18 ~~care reform. Because of this, you may be eligible for reduced-cost~~
19 ~~comprehensive health care coverage through the California Health~~
20 ~~Benefit Exchange. Because you are losing your coverage from~~
21 ~~your employer or from the employer of a family member, an~~
22 ~~application will be sent to the California Health Benefit Exchange~~
23 ~~to make it easier for you to get health care coverage.~~

24 ~~Eligibility for low-cost coverage through the California Health~~
25 ~~Benefit Exchange or no-cost coverage through Medi-Cal is based~~
26 ~~on your income. You will be contacted by the Exchange to~~
27 ~~complete the application. You are not required to accept coverage~~
28 ~~from the Exchange. To learn more, or to contact the Exchange,~~
29 ~~visit www.healthexchange.ca.gov or call 1-888-(insert telephone~~
30 ~~number).”~~

31
32 ~~(d) A person for whom an application for enrollment in the~~
33 ~~Exchange has been initiated by the transfer of information under~~
34 ~~this section shall be given the opportunity to provide informed~~
35 ~~consent to use the transferred information to commence eligibility~~
36 ~~determination and complete enrollment as well as the opportunity~~
37 ~~to correct any transferred information or provide additional~~
38 ~~information before a final eligibility determination is made. If the~~
39 ~~individual fails to consent or fails to respond to the opportunity to~~
40 ~~consent within a reasonable period of time, that failure to consent~~

1 or to respond timely shall be construed as discontinuing the
2 application.

3 ~~SEC. 8.~~

4 *SEC. 7.* No reimbursement is required by this act pursuant to
5 Section 6 of Article XIII B of the California Constitution because
6 the only costs that may be incurred by a local agency or school
7 district will be incurred because this act creates a new crime or
8 infraction, eliminates a crime or infraction, or changes the penalty
9 for a crime or infraction, within the meaning of Section 17556 of
10 the Government Code, or changes the definition of a crime within
11 the meaning of Section 6 of Article XIII B of the California
12 Constitution.